THE CHRONICLE
of Higher Education.

November 11, 1987 • $1.95
Volume XXXIV, Number 11

News Summary

Articles on inside pages

An expert in languages uses computers and highly sophisticated camera techniques to help decipher ancient writings: Page A6.

Elephant seals may be the most astonishing and proficient divers of all aquatic mammals, according to a California study: Page A6.

A professor's constitutional rights were not violated by a dean who removed him as instructor during a class, a federal judge said: Page A13.

Higher-education reformers are timid and narrow-minded, says a "radical critique": Page A13.

The annual College Board meeting offered lofty visions of education in the future, but then returned to earth and today's problems: Page A22.

Lobbyists say higher education should form its own PAC to cope with federal budget cuts: Page A23.

Universities spend millions to carry the costs of managing federally sponsored research: Page A23.

The auction of van Gogh's "Irises" may be a sign that people are becoming unwilling to give art to colleges and universities: Page A31.

The recent gyrations of the stock market have sent tremors through the country's top business schools: Page A35.

Shenzhen University, at which 10,000 people applied for 400 faculty jobs, is a special experiment in China's education system: Page A42.

SECTION 1

Athletics	A39-40
Books	A11, 18
Coming Events	A48
Computers	A18
Deadlines	A50
Deaths	A48
Gazette	A48
Government & Politics	A23-29
Grants	A29, 32
Ideas	A18
International	A42-47
Personal & Professional	A13-21
Philanthropy	A30-32
Scholarship	A6-12
Students	A35-38

SECTION 2

Opinion & Letters	B1-5
Bulletin Board	B6-59
End Paper	B60

Financial Cutbacks Dim College Hopes for Many Canadians

Students and university leaders consider the situation critical

By MARK GERSON
SASKATOON, SASKATCHEWAN

Access to higher education is suffering throughout Canada.

- For the first time, the University of Saskatchewan this year turned away qualified applicants in the arts and sciences.
- Across the country, hundreds of Indians and Inuit have been denied admission to colleges and universities because the federal government capped a previously open-ended program of education grants to students from those groups.
- In Quebec, some students needing financial assistance have opted to get married solely in order to be considered independent of their parents and hence eligible for government grants and loans.

Among dozens of topics that were discussed here at Canada's first National Forum on Postsecondary Education, the need to maintain or improve access at a time of retrenchment in higher education was a high priority for many participants.

'Accessibility Is Being Compromised'

"Accessibility is being compromised across the country," said Lyndon Surjik, head of the Saskatchewan chapter of the Canadian Federation of Students. "We can't even get the mainstream people in, anymore, let alone the minorities."

Harry Arthurs, president of York University, said Canada faced an "accessibility crisis" that was likely to get worse. "Unfortunately," he said, "the people who have always lost out, like immigrants, the working class, and the disabled, will lose again."

Mr. Surjik and Mr. Arthurs were among some 550 representatives of students, faculty members, business and labor organizations, and government at the three-day

Continued on Page A44

What Happens to Giving When Market Falls

	Decline in market	Change in giving
1962	−26.5%	+4.6%
1966	−22.3	+7.1
1970	−25.9	+1.1
1973	−23.4	+5.0
1974	−37.6	+5.0
1987	−33.3	?

SOURCE: LAWRENCE B. LINDSEY, HARVARD U.

See story on Page A30.

National Poll Finds Wide Satisfaction with TIAA-CREF

NEW YORK

Despite recent calls for change in higher education's largest pension companies, most participants are satisfied with their plans and do not want any more options, according to a survey released last week.

The survey, conducted by an independent national polling company, found that 84 per cent of current participants in Teachers Insurance and Annuity Association and College Retirement Equities Fund rated the companies favorably. Seventy per cent said they did not want additional investment options in their current plans.

Clifton R. Wharton, Jr., the companies' chairman and chief executive officer, said he was encouraged by the survey report.

"It confirms what we have been hearing all along, which is that the vast majority of our constituents are very pleased with TIAA-CREF," he said.

The study, conducted by the Roper Or-

Continued on Page A14

Morale of Professors Found to Be High at Small Colleges

Survey results contrast sharply with reports of disillusionment

By KATHERINE S. MANGAN
WASHINGTON

While many of their counterparts at large universities grouse about inadequate pay, too much work, and declining academic standards, faculty members at small liberal-arts colleges are generally enthusiastic about their jobs, according to a report issued this week.

The report, sponsored by the Council of Independent Colleges, says faculty morale is neutral or high at about two-thirds of the institutions surveyed. More than 80 per cent of the professors surveyed say they would choose the same profession if they had it to do over again.

Those findings contrast sharply with recent reports that have described most professors as feeling disillusioned, overworked, and underappreciated. The council's president, Allen P. Splete, said he was surprised and pleased by the outcome.

"We didn't think it would be nearly as positive as it was," he said. "Previous studies had led us to believe it might be a darker, gloomier picture."

Survey of 4,271 Professors

The latest report, which was begun in 1985, was based on a survey of 4,271 faculty members at 142 small liberal-arts colleges. It identifies the factors that distinguish high-morale colleges from those with low morale, and studies 10 colleges where faculty members are particularly satisfied.

In general, the report concludes that faculty members are happiest when they have a clear sense of what their college stands for and where it is going, when they play an active role in the governance of the institution, and when they feel a strong sense of belonging.

While salaries play an important role in

Continued on Page A19

Columbia Takes Futility of Its Toothless Football Lions in Good Spirit (Mostly)

By DOUGLAS LEDERMAN
NEW YORK

Contrary to some published reports, the sky did not fall on Columbia University last month.

Yes, the university's football team did set a major-college record for consecutive defeats when it lost its 35th game in a row.

And yes, the seemingly endless string of losses and the flurry of publicity about the record have frustrated the players, tried the patience of athletic-department officials, and chagrined some alumni and students. For those intimately involved in it, football at Columbia has not been any fun lately.

But for most of the people on the campus, the football team's travail has provided little more than fodder for gallows humor and an opportunity to see the university's name displayed prominently in newspapers and on television. While most feel bad for the Lion players, who have had to suffer disappointment and defeat in the glare of the national spotlight, few share their grief.

"I think deep down everybody wants to see them win, just for the sake of the graduating seniors, who've gone out there every game, week after week, and worked very hard, but haven't won a single game," says Ron Gualario, a junior majoring in general studies. "But it's not a tragic incident that our football team stinks."

Or, to put it another way: "Nobody likes to lose," says Miki Hong, a freshman from Chicago, "but it's not like the world's going to fall apart."

Columbia students, faculty members, administrators, and alumni have split into three camps on the subject of the football team's futility. Even before the record losing streak began, Columbia had won just four games in as many seasons.

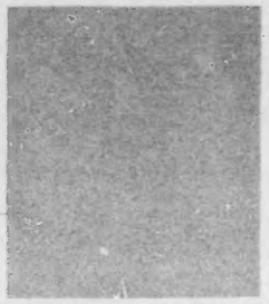
A small core of players and student fans, athletic-department officials, and alumni

Continued on Page A39

U.S. Gives Colleges 3 Years to Cut Loan Default Rates

The Education Department last week gave colleges with high student-loan default rates three years to reduce them or risk losing all of their U.S. student aid. Page A23.

MARGINALIA



From the Associated Press:

"LA JOLLA, CALIF. (AP)—As officials at the University of California, San Diego, celebrated their first Nobel laureate Monday, researchers recalled Susumu Tonegawa as a hard-working, brilliant young scholar who they knew would go far in his field.

"UCSD spokeswoman Win Cox said it was the first time a member of the 27-year-old university's alumni was bestowed the high honor.

" 'We're inordinately proud of him,' she said."

Don't be so hard on yourself.

■

Ad in the *Indiana Statesman:*

"RENT AN ICE BOXER AT CLEARANCE RATES."

For the hockey team?

■

When the printer delivered the new notepads (ordered over the telephone), Westminster Choir College's Martin J. Stamm found himself designated "Director of Residents Life."

"No way!" he tells us.

■

The program leaflet for a session preceding the 1987 Farming Systems Research Symposium at the University of Arkansas acknowledges the support of, among others, the Farm Foundation, the Ford Foundation, and the Fockefeller Foundation.

■

The College Board addressed at least one copy of its publication *The College Board News* to the U. S. Navel Academy.

■

The employee-benefits manual issued to faculty and staff members in the State System of Higher Education in Pennsylvania has a page headed WHAT MUST YOU DO?

Under "In case of your death" it says reassuringly:

"No action required, coverage ends."

■

From the Norman (Okla.) *Transcript:*

"Former University of Oklahoma admissions director Barbara E. Cousins has been scheduled for a preliminary hearing at 9 a.m. Dec. 1 on charges stemming from an alleged degree-selling scheme. . . .

"Cousins is out of jail on an $11,000 cash bond posted by friends last Friday afternoon. Also out on an $11,000 bond is co-defendant Vernon Heavin, a former Norman businessman accused of acting in concert with Cousins in the alleged scheme. . . .

"One of the charges against the couple alleges that before they left Oklahoma they offered a bride to the new admissions director to enter into a degree-selling scheme with them. . . ."

Blonde or brunette? —C.G.

In Brief

Suicides at MIT Prompt Letter to Students

Two confirmed suicides and a third unexplained suspicious death at the Massachusetts Institute of Technology last month have prompted officials there to write to all students explaining the counseling services available to them on the campus.

Paul E. Gray, president of the institute, and Shirley M. McBay, dean of students, sent the letter.

"Tragedy is not unknown at M.I.T., but this is certainly extraordinary," said Robert Randolph, the assistant dean of students. "Three suicides in a month is something we've never dealt with before."

Two students committed suicide at M.I.T. during the 1986-87 academic year, and one did so the year before that.

In October, a senior at the institute was found hanged in his Cambridge apartment, and a graduate student was found hanged in his apartment in Somerville, Mass. A third student, whose death is still being investigated, fell or jumped from an indoor balcony at the Hyatt Regency hotel in Cambridge.

U. of Kansas Debater Dies in Crash of Team's Van

A student from the University of Kansas died after a van carrying nine members and coaches of the debate team swerved to avoid a deer and rolled over three times.

The accident occurred in Tennessee as the team was traveling to a tournament at Emory University. David Macdonald, a junior, died in a Nashville hospital; Ofray Hall, a senior who suffered fractured and broken bones and lung injuries, was listed in critical condition; and Peter Cannistra, a junior, was in serious condition. Another student was in fair condition after surgery, and one other was treated for cuts.

Number of Black Students Still Falling, Study Finds

The number of black students enrolling in colleges and universities continued to decline in 1985, despite the growing number of black students graduating from high school, according to an annual report released by the American Council on Education.

The percentage of black high-school students entering college in 1985 was smaller than it had been a decade earlier. In 1985 only 26 per cent of the black high-school graduates entered college, compared to 34 per cent in 1976.

The number of Hispanic students entering college, according to the report, increased 21 per cent over the same period. However, because of the large growth in the overall number of Hispanic youth, those entering college in 1985 represented only 27 per cent of the total, compared to 36 per cent a decade before.

Copies of the *Sixth Annual Status Report on Minorities in Higher Education* are available for $7.50 each from the Office of Minority Concerns, American Council on Education, One Dupont Circle, Washington 20036.

Two Faculty Pilots Killed in Aerobatics Mishap

Two Vincennes University faculty members were killed when their plane crashed during an aerobatics demonstration that was part of a "Dads' Weekend" program.

Investigators were trying to determine last week why the pilot, James L. Jernigan, a professor of aviation flight technology, was unable to pull the single-engine plane out of a planned nose dive, a university spokesman said. The accident occurred at an airfield used by the university's aviation-flight-technology program.

Mr. Jernigan had been a flight instructor at the university since 1978 and had done aerobatics for six years. The other victim, Danny J. Wells, had been an instructor in the program since 1986.

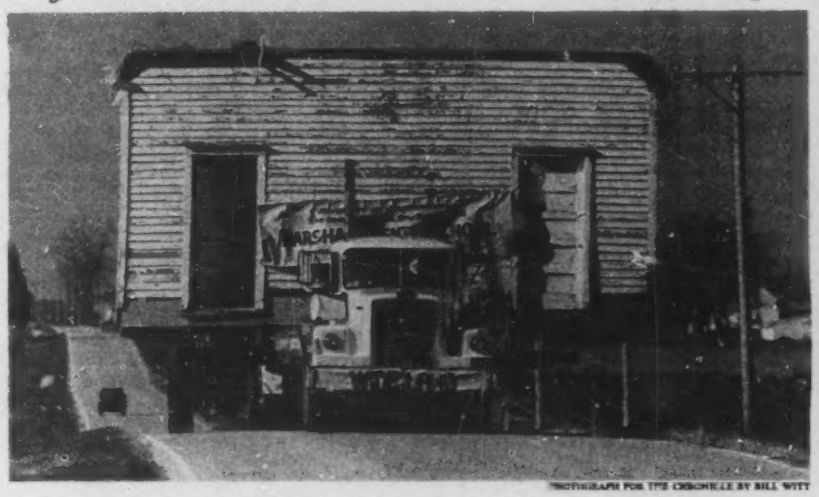
The fatalities were the first in the program's 20-year history.

Lawmaker Forms a Panel to Study Bias at Berkeley

The president pro tem of the California Senate has announced that he will form a special legislative committee to investigate charges that the University of California at Berkeley had discriminated against Asian-Americans in its admissions policies.

Sen. David Roberti earlier requested a study of the issue by the state auditor general's office, which last month issued a report

U. of Northern Iowa Moves One-Room School to Campus



PHOTOGRAPH FOR THE CHRONICLE BY BILL WITT

COUNTY ROAD D17, IOWA

This building, rolling across Iowa last week, is a 107-year-old, one-room schoolhouse that the University of Northern Iowa is transporting on a flat-bed truck nearly 200 miles to its Cedar Falls campus to represent Iowa's rural-education heritage. "We wanted to preserve that heritage on campus," said Steven L. Jones, a university spokesman.

The university picked the 24-by-34-foot, white school building, which stood for more than a century in western Pocahontas County, after a statewide search to find the perfect one-room schoolhouse building.

The structure, which was chosen from 50 suggested one-room schoolhouses, will be placed next to the university's modern, six-story Education Center. —M.W.H.

DIVESTMENT WATCH

Wheaton to Sell Stock Tied to South Africa; Other Actions

Wheaton College in Massachusetts will sell all of its stocks in companies that do business in South Africa by the end of 1988, its trustees have decided. The stocks represent 6.4 per cent of the college's endowment, which was worth $37.2-million as of September 30.

The trustees also asked Wheaton's president, Alice F. Emerson, to create a committee to recommend ways in which the college can promote the education of black South Africans, either in South Africa or on the college's campus in Norton, Mass. The committee's members are to include trustees, administrators, faculty members, and students, a Wheaton spokesman said.

■

The Smithsonian Institution, whose regents voted in May to sell all of its South Africa–related stocks, has nearly completed the divestment.

Since the vote, the institution has sold stocks worth about $26-million in 39 companies, the regents have been told. A little over $1-million in stock in three companies that do business in South Africa remains in the institution's portfolio.

The regents voted in 1985 to sell stocks in companies that did not abide by the Sullivan Principles, a code of conduct for U.S. businesses in South Africa. The code was written by the Rev. Leon Sullivan in 1977, but in June he said it had not been effective and called on companies to end their operations in South Africa by March 1988.

■

Trustees of the Community College of Philadelphia have approved a policy requiring that none of the college's investments be linked in any way to South Africa, and that the college avoid transactions with banks that do business with the South African government. A spokesman for the community college said its portfolio currently includes "investments in banks, commercial paper, and bond funds, but not equities."

Two years ago, the college's trustees voted to permit South Africa–related investments only if the companies involved had agreed to abide by the Sullivan Principles.

■

Lewis and Clark College's trustees have voted to sell stocks the college owns in companies that do business in South Africa. The trustees, urged on by students, had been studying the move for about two years.

Glenn H. Gregg, who is senior investment officer for Lewis and Clark, said the college would accomplish the divestment by shifting its investments in the Common Fund to the fund's South Africa–free portfolio. Stocks valued at about $12-million are involved, he said.

The Chronicle of Higher Education (ISSN 0009-5982) is published weekly except the last two weeks in August and the last two weeks in December, at 1255 Twenty-Third Street, N.W., Washington, D.C. 20037. Subscription rate: $50 per year ($51 if bill is to be sent). Second-class postage paid at Washington, D.C., and at additional mailing offices. Copyright © 1987 by The Chronicle of Higher Education, Inc. Printed in the United States of America. POSTMASTER: Send address changes to The Chronicle of Higher Education, P.O. Box 1955, Marion, Ohio 43305. Member, Audit Bureau of Circulations. The Chronicle reserves the right not to accept an advertiser's order. Only publication of an advertisement shall constitute final acceptance of the advertiser's order.

National Poll Finds Wide Satisfaction with TIAA-CREF

Continued from Page A1

ganization between April and July of this year, was commissioned jointly by TIAA-CREF and the Higher Education Secretariat, a group comprising the leaders of 30 national higher-education associations.

Some 1,005 participants and 510 retirees were interviewed, as well as 520 college presidents and 590 business or personnel officers.

Mr. Wharton said the findings were bound to be considered later this month, when the companies' trustees are scheduled to vote on a series of recommended changes in TIAA-CREF's products and policies.

The trustees' draft report suggested a number of new, flexible investment accounts for those who want more choice, but said that individual institutions could decide whether or not to offer them. Most of the changes would affect new investments, rather than existing accumulations (*The Chronicle*, October 7).

While some critics have attacked the companies for not going far enough, Mr. Wharton said the latest survey results demonstrate the need to balance everyone's concerns.

"We tried to be responsive to those who are happy, as well as those who would like to see a greater range of options," Mr. Wharton said. "This [survey] certainly provides strong support for what the committee is recommending."

The survey of participants also showed that:

- Given several choices at retirement, 70 per cent would leave their pension money in their current plan, 15 per cent would transfer the money into another account, and 4 per cent would take it out as a lump sum.
- Seventy-two per cent were satisfied with the amount of say they have in how their pension will be paid out to them after retirement.
- Fifty-one per cent said they would probably not choose to put part of their contribution in a higher-risk stock fund if one were offered.

John W. Chandler, president of the Association of American Colleges and a co-chairman of the secretariat's pension-issues committee, said the results were more positive than he had expected. In recent years the secretariat has proposed a number of changes in the companies' policies, including more flexibility to move money in and out of accounts.

Mr. Chandler said that although relatively few participants seemed to be interested in new accounts, he doubted the companies' trustees would change their recommendation to offer alternatives.

"I have an idea that if a similar survey were to be taken now, following what has happened on the market in the last few weeks, some of the responses would be more negative—particularly with regard to the lack of flexibility," he said.

Retirees Equally Positive

Retirees, who have already begun receiving their pension incomes, were equally positive in their overall assessment of the companies. Half rated the system excellent, while an additional one-third rated it good.

The main complaint was with the contribution level set by their employer when they were working; about 40 per cent felt it was too low to provide them with an adequate retirement income.

Ernst Benjamin, general secretary of the American Association of University Professors and a co-chairman of the secretariat's pension-issues committee, said the A.A.U.P. and the Association of American Colleges were concerned about the effects of inflation on retirement incomes.

"There is an emerging consensus that enough money should go into the plan to provide continuing inflation protection," Mr. Benjamin said.

Other findings among retirees:

- Thirty-four per cent said their current financial situation was better than it was just before retirement, 45 per cent said it was the same, and 17 per cent said it was worse.
- Eight in ten retirees said they felt as informed about their plans as they would have liked while they were active participants.
- Seventy-nine per cent of the retirees said they were satisfied with the choices they had for investing their pension contributions.

Most college and university presidents and business officers also gave the companies high marks, but more than half of them supported some changes in their policies or products.

Two-thirds of the business officers said their institutions did not offer alternatives to TIAA-CREF, and 78 per cent said they did not believe that a substantial number of their employees wanted other options.

Sixty-two per cent of all business officers said their pension plans had been a source of major or moderate concern to their institutions. The reason most often cited was the lack of flexibility in investment options.

Robert M. Wilson, vice-president for personnel programs at the Johns Hopkins University, said he was not surprised by the findings, which he said did not detract from the issues that critics had raised over the last several years.

"I think over the years the faculties on our campuses have had a tremendous degree of confidence in TIAA-CREF," Mr. Wilson said. "I think that confidence has been based on a good solid feeling that they as individuals don't have to think about [pension planning]—TIAA-CREF is taking care of them."

'A Lot of Misfits'

Mr. Wilson, who chairs the benefits committee of the College and University Personnel Association, pointed out that the rosy picture presented in the survey did not describe everyone.

"There is plenty of evidence that while TIAA-CREF's situation does fit a lot of people, there are a lot of misfits—people who are dissatisfied for some valid reasons," he said. The companies' own trustee committee, in issuing the draft report on their future goals, has conceded that some changes are necessary, Mr. Wilson added.

The Roper survey results were similar to those reported three years ago in another Roper poll commissioned by the pension companies. At that time, some people complained that the survey did not reflect the views of faculty members who had opted for alternative plans, and thus might be more critical. This survey also does not include non-participants.

A 24-page summary of the Roper study is being distributed to presidents, business and personnel officers, and libraries of institutions participating in the TIAA-CREF system. Copies of the full 400-page report are available at no charge from TIAA-CREF, Educational Research Unit, 730 Third Avenue, New York 10017.

—KATHERINE S. MANGAN

Rating of Current Pension Plan

	Excellent	Good	Fair	Poor	Don't know
Age					
Less than 40 years	33%	54%	10%	1%	3%
40 to 50 years	38	44	12	4	2
Over 50 years	46	38	11	3	2
Type of employer					
Public college	39	48	10	1	1
Private college	38	44	11	4	3
Other	40	42	11	3	3
Plan participation					
Required	39	44	12	4	1
Not required	40	46	10	1	2
Interest in pension plan					
Highly interested	48	39	9	3	1
Moderately interested	44	46	7	2	1
Disinterested	34	51	10	2	3
Highly disinterested	31	45	18	3	3
TIAA-CREF					
Only choice	40	44	12	3	2
Alternative plans offered	39	47	10	2	2
TIAA-CREF accumulation					
Less than $10,000	31	49	12	4	4
$10,000 to $25,999	35	46	15	1	3
$26,000 to $99,999	38	47	9	4	3
$100,000 or more	52	38	8	1	—
Occupation					
Faculty	39	47	11	3	1
Other professional	41	45	10	2	2
Support staff	37	42	12	3	5
Total	**39%**	**45%**	**11%**	**3%**	**2%**

Transfer of Pension Accumulation

	Would move money to other plan	Would leave money in present plan	Don't know
Age			
Less than 40 years	10%	74%	15%
40 to 50 years	13	74	13
Over 50 years	7	78	15
Interest in pension plan			
Highly interested	13	75	12
Moderately interested	5	82	12
Disinterested	10	75	15
Highly disinterested	11	71	17
Rating of pension plan			
Excellent	6	84	10
Good	8	78	15
Fair or poor	29	49	22
TIAA-CREF accumulation			
Less than $10,000	12	72	16
$10,000 to $25,999	8	74	17
$26,000 to $99,999	10	77	13
$100,000 or more	9	77	14
Occupation			
Faculty	10	78	12
Other professional	12	72	16
Support staff	7	74	19
Confidence in own investment plan			
Very confident	13	74	14
Somewhat confident	12	76	13
Not too confident	8	76	16
Total	**10%**	**75%**	**15%**

SOURCE: THE ROPER ORGANIZATION INC.

Stock Crash Did Not Bring Big Transfer from Retirement Equities Fund

NEW YORK

Despite last month's stock-market crash, there was no mass transfer of pension money from the stock-based College Retirement Equities Fund.

In fact, the number of policyholders who asked to transfer money from CREF into the Teachers Insurance and Annuity Association was slightly lower than the previous month, according to a company spokeswoman, Claire M. Sheahan.

"Contrary to popular notion, people probably act more deliberately in a volatile situation," said Ms. Sheahan. "Conventional wisdom would suggest that it might be better to wait out the storm."

As of last week, 1,350 policyholders had asked to switch money from CREF to TIAA, which is based on long-term business loans and mortgages, Ms. Sheahan said. That number could climb as high as 1,500 when all the month's transfers are processed, she added. That's less than the approximately 1,700 switches reported during September, but about average for the year, Ms. Sheahan said.

Policyholders are permitted to transfer money at the end of each month from CREF into TIAA, but not in the other direction.

Some recent figures indicate that policyholders are more likely to switch when the market is up than when it is down—probably because their CREF accumulation units are worth more at that time.

In August, when the market was at a high point, the companies received 3,275 requests for transfers—more than double what was received at the end of last month.

Several faculty members interviewed recently said they had transferred their money while the market was performing well, anticipating that a downturn might be around the corner.

—KATHERINE S. MANGAN

3 Baptist Professors Are Latest Casualties in War of Fundamentalists vs. Moderates

ST. LOUIS

A continuing battle between moderate and fundamentalist Baptists left three more casualties when two professors at Missouri Baptist College were let go and another resigned.

At issue was the administration's requirement that the college's five full-time science professors teach that only the biblical version of creation is correct.

Leroy Madden, a professor of chemistry and chairman of the department of natural sciences, said he would rather step down from the job he has held for the past 17 years than follow that order.

"I don't think [creationism] is a correct theory," he said last week. "There is no scientific basis for it."

Mr. Madden's letter of resignation last month said he would leave in May, but he indicated that he might be forced to leave earlier.

The college has also denied reappointment to Larry Davis, a professor of religion, and Douglas Herman, a professor of history—both of whom reportedly disagree with the administration's fundamentalist views.

Mr. Madden said he saw no reason why professors could not continue to teach evolution as scientifically correct. "There is no need to be an atheist to believe in evolution," he said. "We're not tearing down the Scriptures."

Patrick O. Copley, the college's president, denied that academic freedom had been violated. "We are a Christian institution, and our obligation is to address the biblical version [of creation]," he said.

Mr. Copley said he had told faculty members they should teach the biblical version of creation, and that evolution should be presented as a "theory"—rather than something grounded in scientific fact.

Fundamentalists at several academic institutions have put pressure on professors to teach the view that the Bible is "inerrant," or literally and historically correct.

Jordan E. Kurland, associate general secretary of the American Association of University Professors, said he had been contacted about a number of alleged academic-freedom violations at religious institutions recently. He called the situation at Missouri Baptist "about the crudest case we've seen."

—KATHERINE S. MANGAN

Give & Take

Over the years, Brian O'Connell has collected stories of what he calls "philanthropy in action."

Take, for example, the tale of Musketeer, the last of 150 stray dogs supported by the $12-million estate of Eleanor Ritchey, an eccentric heiress. Ms. Ritchey's will stipulated that her money go to Auburn University when the last of her adopted dogs died.

The way was cleared for Auburn to inherit the fortune in 1984, when 17-year-old Musketeer died.

Another example is James Joyce, who coined this limerick in honor of his benefactress, Lady Gregory:

"There was a kind lady called Gregory
Said, 'Come to me, poets in beggary,'
But found her imprudence
When thousands of students
Cried, 'all, we are in that category.' "

Mr. O'Connell has assembled stories like these in a new book, *Philanthropy in Action*, published by the Foundation Center.

"Philanthropy operates in thousands of different ways: many inspirational, some silly, and a few downright dangerous," writes Mr. O'Connell, who is president of Independent Sector, a coalition of non-profit organizations.

■

Independent Sector's drive to double American giving by 1991 has enjoyed "remarkable" progress so far, according to reports at the organization's annual meeting.

About $2-million has been raised to support the campaign, called "Daring Goals for a Caring Society," and 19 cities have created programs to emphasize charitable activities, said Eugene C. Dorsey, president of the Gannett Foundation and campaign chairman.

Mr. Dorsey predicted the stock-market plunge would have little effect on the drive. But he warned that "pacing" would be critical. "We can't be sprinters. Like a marathon runner, we must maintain consistent momentum."

■

A new movie, "Foundations: the People and the Money," will make its debut this week.

The 28-minute documentary is a production of the Foundation Center, which hopes to increase public awareness of the 25,000 foundations in the country. It will be shown in seven cities this month in conjunction with National Philanthropy Day November 14.

The Maysles Film Group, which has produced films on the Rolling Stones and Christo's "Running Fence," directed the documentary. One highlight is a conversation between David Rockefeller, Sr., and his son, David, Jr., as they discuss why their family chose to establish a foundation.

After December 1 the documentary will be available on film and tape for loan to groups. For more information, contact Karol Media, 22 Riverview Drive, Wayne, N. J. 07470.

Philanthropy

Stock-Market Crash Will Not Lead to Severe Reduction in Giving to Colleges, Harvard Economist Predicts

He bases analysis on historical comparisons; college officials begin to explore new economic climate

By ANNE LOWREY BAILEY

October's stock-market plunge will not severely reduce giving to colleges and universities and may even lead to modest increases, a Harvard University economist predicted last week.

The economist, Lawrence B. Lindsey, analyzed giving patterns in the six years since 1960 in which the market dropped by more than 20 per cent, and found that in each instance giving had actually gone up.

However, in the case of very wealthy donors—those most likely to give large amounts to colleges and universities—the news may not be so good, Mr. Lindsey said.

If history is any guide, the stock market's plunge could hurt top-income donors twice as much as other individuals, thereby reducing large gifts to colleges, he predicted.

One result: As the market drops to a more "realistic" level, so may fund-raising goals.

"Things were nice last summer," said Mr. Lindsey. "The market was gung-ho, and maybe we developed overly ambitious goals that maybe now we're not going to meet. On the other hand, we may well meet the targets we set back in January."

Mathematical Model Used

Mr. Lindsey based his findings on a mathematical model built from standard government indexes of stock-market performance, consumer prices, and inflation, as well as statistics from *Giving USA*, an annual study compiled by the American Association of Fund Raising Counsel.

In recent weeks, Mr. Lindsey, who has also analyzed the impact of tax reform on giving, has been in demand. He talked with fund raisers about his studies at a meeting of the Council for Advancement and Support of Education and at Harvard.

Some economists, however, cautioned against making too much of historical comparisons.

"The stock drop was so rapid and so unusual that it is hard to draw on the past here to predict the future," Michael Boskin, a Stanford economist, said in an interview.

Mr. Lindsey acknowledged that the $1-trillion lost in the weeks between the stock market's August peak and October trough was "real money, even in Washington," but he stressed that, for most people, the drop was small—about 7 per cent of each family's wealth.

This year's market decline is similar to 1962's, when household wealth dropped by 6.9 per cent. In that year, charitable giving went up by 4.6 per cent, Mr. Lindsey noted.

In 1973 and 1974, when the stock market's value slid by more than 50 per cent because of the oil crisis, overall giving still rose by 5 per cent, although it did not keep pace with inflation.

While total giving increased in each of the years he studied, contributions from donors in top-income brackets did not.

That group is thought to be especially critical to the success of capital campaigns in higher education. Many campaign directors today figure they will raise 98 per cent of their goal from the top 2 per cent of their donors.

People earning more than $200,000 a year hold an average of 30 per cent of their assets in stock. Giving by such individuals has suffered in each of the stock-market drops.

In 1974, for example, the year of the steepest market decline in the study, giving by upper-income donors declined by almost 10 per cent. Mr. Lindsey predicted the same drop for this year.

Other financial analysts have reached similar conclusions.

Tom Bailard, president of a San Francisco investment-management firm, agreed that colleges would see fewer big donations. Gifts made from a donor's capital would be more affected by the market drop than gifts from income, he said.

Mr. Bailard, who is responsible for raising $100-million of Stanford's $1.1-billion capital-campaign goal, said he was urging donors to consider long-term pledges. When donors realize that they can pay

How Declines in Stock Market Have Affected Personal Giving

	Decline in market	Decline in personal wealth	Change in personal income	Inflation rate	Change in giving
1962	−26.5%	−7.0%	+ 6.2%	+ 1.6%	+4.6%
1966	−22.3	−6.1	+ 8.8	+ 2.9	+7.1
1970	−25.9	−6.4	+ 7.1	+ 5.9	+1.1
1973	−23.4	−5.6	+12.0	+ 6.2	+5.0
1974	−37.6	−6.6	+ 9.7	+11.0	+5.0
1987	−33.3	−7.0	+ 7.0*	+ 4.0*	n.a.

* Estimate
n.a. Not available

SOURCE: LAWRENCE B. LINDSEY, HARVARD UNIVERSITY

Get Out of the Market! SUNY-Buffalo Is Launching a Fund-Raising Drive

BUFFALO

If you want to know when to get out of the stock market, just watch for the launching of a fund-raising drive at the State University of New York at Buffalo.

That's the joke—you could say lament—making the rounds among fund raisers on the campus, which has started not one, but *two* capital campaigns during stock-market crashes.

The university kicked off a five-year, $52-million drive on October 19, now known as Black Monday.

The other campaign began October 17, 1929, just 12 days before Black Tuesday.

In the process, the university has given new meaning to the saying, common among fund raisers, "There is no perfect time to launch a campaign."

"We joked in July that the only things that could keep us off the front pages here were a war in the Middle East or a stock-market crash," said Philip J. Brunskill, director of development at the university's foundation.

"Unfortunately, both happened."

That's not to say the university didn't plan otherwise.

Last summer, officers of its foundation tried to figure out how they could grab the most media attention for their capital campaign.

An Eerie Mood

The trick, they reasoned, was to unveil the campaign on a light news day. They selected a Monday. Little did they know the market would drop 508 points.

At a reception opening the new drive that evening, the mood was almost eerie.

Included in an exhibit on the university's history were pictures from its first campaign and newspaper clippings that announced the 1929 crash.

"People showed up at our reception right after the stock market closed, and just stared at those articles," said Mr. Brunskill. "We were a little bit spooked."

In the 1929 campaign, donors were only able to come through with $3.2-million of the $5.4-million pledged.

This time, university officials think the ill-timed announcement is working in their favor. So far, the coincidence has earned notice for the campaign on the front page of *The Buffalo News* and in other papers.

Said Joseph J. Mansfield, the foundation's president: "We see no negative impact. People will remember us now."

—ANNE LOWREY BAILEY

their pledges over a long period, he said, they will feel more confident that the economy will recover during that time, making them more willing to increase the size of their donations.

In addition, Mr. Bailard said, Stanford has been urging donors to "invest" in higher education because it is "the No. 1 growth industry in America."

Several Positive Approaches

Across the country, officials at other colleges and universities were busily exploring the new economic climate, seeking to turn the stock-market drop into a fund-raising advantage. Several had come up with positive approaches:

The University of Pennsylvania. Fund raisers were working with top donors who had been postponing decisions until the stock market leveled off.

"We're using the flat market as a lever to close as many gifts as we can between now and the end of the year," said Rick Nahm, vice-president for development and alumni relations.

Mr. Nahm sounded downright cheerful. "I am feeling totally bullish," he said. "We are finding this climate very exciting for giving."

Duke University. Officials sent letters to all donors who had given securities—or made cash gifts based on the sale of stocks—within the past several years.

The letter pointed out that giving this year could help donors offset capital gains they might have incurred by selling stock before or during the plunge. In addition, the letter explained why it is still a good year for a gift of appreciated securities.

"It's not clear that everyone lost in this game," said Harry Gotwals, director of university development. "Not everyone sold, and the market is still double what it was in 1982. If they've held stock for four or five years, they probably have significant appreciation."

Duke also transferred a staff member so that the university could process a stock gift the same day it was received.

"Black Monday brought into focus the need to process transactions quickly," said Mr. Gotwals. "Speed is in the donor's best interest and the university's, as well."

Purdue University. Purdue was using the new economic climate to emphasize the university's needs.

"Too often we have focused on beating last year's record," said Charles B. Wise, vice-president for development. "This is forcing us to tell donors about our most pressing needs. That is giving our effort a new edge and energy."

Consultants Devise Strategies

Fund-raising consultants who work with colleges also were devising new strategies.

James W. Frick, vice-president emeritus at the University of Notre Dame and now a consultant, suggested that donors might want to leave a percentage of their estate rather than a fixed amount to a university.

For example, if a donor leaves a university 50 per cent of his estate, or $500,000, whichever is less, he can still make a charitable gift without leaving the interests of his family vulnerable to the whims of a capricious market.

Many were trying to adopt a winning attitude. Said William A. Kinnison, president of Wittenberg University: "Anyone can get large gifts when you're riding the crest of a bull market. Great colleges are built in tough times."

TAX BENEFITS REDUCED

Painting's Auction Seen as Signal of Art-Gift Slump

JOHN C. PATRIQUIN

Art dealer John Whitney Payson, at his home in Falmouth, Maine: "Basically, when the law changed, it changed the whole picture for me."

By LIZ McMILLEN

The auctioning this week of a valuable painting by Vincent van Gogh that had been part of a collection at Westbrook College may be the first indication of a slowdown in gifts of art to colleges and universities.

The owner of the painting, John Whitney Payson, decided earlier this year to sell the work, rather than give it to the college, because of changes in the tax laws and zooming art prices.

Instead, Mr. Payson, a New York art dealer, will donate a portion of the auction proceeds to Westbrook. He also plans to establish a foundation to support the arts in Maine with money from the sale.

The painting, a bold landscape titled "Irises," will be auctioned on November 11 at Sotheby's, and some art dealers have speculated that it could fetch as much as $40-million. Van Gogh's "Sunflowers" was sold in March for $39.9-million, and another of his paintings was bought for $20.2-million this summer.

College Officials Worried

Mr. Payson is one of the few donors to publicly acknowledge the effect of the new tax laws on their charitable giving. Those changes have sharply reduced the tax benefits of some gifts of appreciated property, especially works of art.

College officials worry whether collections at campus museums and galleries will suffer as a consequence.

"We are all nervous about it," said Ildiko Heffernan, president of the Association of College and University Museums and Galleries. "It will probably affect all university museums. A lot of people have given art for tax purposes, especially at university museums which have strong alumni bases."

Ed Able, executive director of the American Association of Museums, pointed out that many universities had other holdings besides art, including scientific, historical, and anthropological collections.

He said he had already heard "anecdotally" of a drop-off in gifts to museums.

The reduction in income-tax rates provided in the 1986 Tax Reform Act also lowered the tax savings that flow from making a charitable gift.

According to Mr. Payson's lawyer, Patrick Daniel Martin, what is more harmful to charitable institutions is the alternative minimum tax. Under the new law, donors who fall subject to that levy must face severely reduced tax benefits from a gift of appreciated property.

Like many wealthy investors, Mr. Payson is subject to the alternative minimum tax. "Basically, when the law changed, it changed the whole picture for me," he said.

Mr. Payson cited a hypothetical example of a painting bought for $10,000 that later rises in value to $100,000. Under the old tax laws, the donor would receive a tax saving of $50,000 for giving the painting to charity. Now, the saving would be only $2,100.

Too Early to Tell

Said Mr. Martin: "For a painting worth, we think, in excess of $40-million, Mr. Payson would have realized only about $200,000 in tax savings by giving it to the college."

Some directors of galleries and other art officials say it is too early to tell what effect, if any, the tax changes will have on art gifts at year end.

"The week between Christmas and

Continued on Following Page

PHOTOGRAPH COURTESY OF SOTHEBY'S

"Irises," by Vincent van Gogh, is scheduled to be auctioned this week. Some dealers have speculated that it may bring as much as $40-million.